

Keynote Address by Prime Minister,  
**The Right Honourable K P Sharma Oli**  
**at the Nepal Investment Summit 2019,**  
Kathmandu, March 29, 2019

Excellencies,  
Distinguished Guests,  
Ladies and Gentlemen,

A very warm good morning to you all!

Welcome to the land of Buddha and Sagarmatha, the land that makes Nepali people proud of their glorious history and civilization!

Welcome to the land where you will be fascinated by its majestic mountains as well as unparalleled natural wonders; and by its incredible cultural richness.

Welcome to the land of friendly and hospitable people where guests are treated as God.

Welcome to the land where immense opportunities are waiting for your investment to uplift the living standard of 30 million honest and hardworking people.

And, here is a Government that is stable and remains fully committed to protecting your investment with assured profit.

I am sure all this will inspire you to make Nepal a second home, a place of your constant interest, and a hub of your business.

Nepal offers many more things. Let's jointly explore and share!

Dear friends,

A year ago, while addressing the fellow citizens from Rara lakefront of Karnali Province on the happy occasion of Nepali New Year 2075, I had emphasized: Nepal must prosper and it can prosper.

That was an opportunity for me to outline my vision for development of

this country. I had expressed optimism that we would be able to steer the development course of this country. I had also underlined the need for partnership with our friends and well-wishers to speed up our development process.

Today I am so overwhelmed to see you here, our good friends, attending this very important event by wholeheartedly responding to our call. I deeply appreciate your valuable participation in it.

This Summit has brought us together for a genuine cause: consolidating friendship and fostering partnership for our mutual benefit. Through this partnership, Nepal will get desired development outcomes with your substantial investment with good return.

I am happy to share with you that my vision for development has found place in over 75 viable projects in different sectors that will be presented to you during the course of this Summit.

I am confident that you will return home with fond memories of Nepal and with an attractive investment package as an important take away of the Summit.

Dear Friends,

By the promulgation of the democratic and progressive constitution in 2015 and successfully holding the elections of all three tiers of the federal setup has effectively ended the protracted political transition, and has fostered a sense of high optimism in Nepali people.

An optimism that the long-cherished dream of socio-economic transformation can now become a reality.

An optimism that country's development is possible in this generation, and an optimism that 'Prosperous Nepal, Happy Nepali' is not a far-fetched fantasy but an attainable vision.

People have cherished the way a strong, democratically elected government has been formed, that has both capacity and willpower to steer the development process.

In line with my strong conviction that our constitution is flexible to accommodate the genuine aspirations of entire Nepali people, we have been able to bring a force, that until recently remained outside, into constitutional fold.

In Nepal, there is no place for violence. Any attempt to disrupt law and order will be firmly and resolutely dealt with as per law.

We had a history of success in political change and failure in institutionalising it.

Now the things have changed. We have institutionalised the achievements and brought stability.

Political stability, which is a key prerequisite to country's economic growth, is absolutely fulfilled now.

It is not only political stability that Nepal is now ensured with, but also with policy consistency. Legal, institutional and procedural reforms that was long overdue has gained speed under my leadership.

Thus, the past one-year has remained as the base year and the year of policy and legal reform. We have drafted many new laws translating the provisions of the new constitution into legal and institutional framework. The new frameworks have also created conducive environment for foreign direct investment, among others.

Dear Friends,

Political transformation alone cannot be enough and sustainable without economic transformation.

If we could successfully steer country's historic political transformation, there is no reason why we cannot do the same in economic realm?

My answer is yes, we can! We can do it. The central task before us is to undertake rapid economic transformation.

Our immediate goal is to graduate from Least Developed Country status and the medium term goal is to become a middle-income country and achieve Sustainable Development Goals by 2030.

To realize this, we need to attain a double-digit growth over the next years. A tentative estimation by the National Planning Commission is that the country would require an investment of over 97.77 trillion Nepali rupees (about 88.18 billion USD) over the next five years. Domestic resources alone would not be

sufficient to meet this requirement. This is where we would like to urge you to come and assist us in meeting huge investment needs.

Our economic policy and its orientation is explicitly spelled out in the Constitution which is premised on the realization that growth and prosperity is possible only through partnership between and development of public, private and cooperative sectors.

Distinguished Guests,

We are mindful that investment requires transparent and responsive governance and rule of law. With elected representatives in all levels of our federal set up, governance attributes are improving. There is already a healthy competition among the provinces and local governments on incentivizing investment and getting more of it.

I have said time and again that under my leadership, there is absolutely zero tolerance on corruption. I am convinced that good governance is essential for economic development and prosperity.

We are committed to promote free and fair competition among private sector stakeholders. And you have already witnessed our firm stand against cartel and syndicate.

Dear Friends,

In the past few months we have made substantial progress in improving investment climate in the country. A sound regulatory framework has been established with the enactment of two key legislations: Foreign Investment and Technology Transfer Act; and Public-Private Partnership and Investment Act.

The Public Private Partnership and Investment Act provides one stop service for any foreign investment of over Rupees 6.00 billion or a hydropower project over 200 MW capacity.

The new Foreign Investment and Technology Transfer Act, 2019, ensures national treatment for any foreign investment. An automatic route system has been introduced to keep the foreign direct investment related processes simple and predictable, and repatriation is guaranteed on the earning or equity.

We have recently implemented a universal, contribution-based social security scheme that will have a transformative impact on the country's socio-economic landscape.

The scheme, which covers medicare facilities, safe motherhood, accidental and old-age security of workers, does not only buttress the foundation of a welfare society but also ensure better and healthier industrial relation and hence, contribute meaningfully to conducive environment for investors.

Our reform drive has gone well beyond this regulatory framework. Strengthening institutions, building capacity, streamlining and simplifying the processes and procedures have also been the hallmarks of our reform initiatives.

Statutory provisions pertaining to land acquisition, company registration, environmental assessment and infrastructure development have been relaxed and simplified.

We have already started online registration and payment system, which will soon be upgraded to full automation system.

We will actively pursue bilateral investment protection agreement with friendly countries that will further ensure protection for foreign investment. We will also pursue negotiations on avoidance of double taxation with interested countries to provide further incentives.

The next reform cycle would involve policies and comprehensive legislation in the field of intellectual property rights commensurate with our rights and obligation under various multilateral instruments.

Ladies and Gentlemen,

Nepal is one of the most flexible countries when it comes to economic policy and welcoming foreign investment.

All sectors, barring a narrow box of sensitive areas, are open for foreign investment. And, we allow 100 percent investment in almost all areas.

We offer an attractive incentive package in terms of corporate taxation, import duties, and export facilitation. Tax rates are predictable and tax holidays are guaranteed by the law for those industries that meet the established criteria.

We have huge demographic dividend with about 57 percent of population representing the working age group. The labour cost is competitive and low, and there is a good pool of English speaking population specially amongst the youngsters.

We have developed policies and programmes to enable our youth to be imbued with multi-skills. Qualified and skilled manpower available at reasonable cost locally will make your investment less costly.

We have maintained sound macroeconomic indicators and hence, investing in Nepal is risk free.

An independent judiciary, capable of adjudicating industrial and investment related disputes on a fast-track basis, has been a mainstay of our legal system.

Dear Friends,

The other key area is infrastructure.

Building infrastructure is the government's priority and our commitment is well reflected in the progress we are making in the sector of vital infrastructure. In terms of infrastructure, we are far better than before.

Almost round the clock electricity supply has been guaranteed for industries and the country will soon witness power surplus. Road connections within the country and cross-border connectivity have improved substantially. The strategic Kathmandu-Terai Fast Track that was just a dream a few years back is now becoming a reality.

Our Special Economic Zones have both infrastructure and other amenities to set up industries. One such SEZ is already in operation while several others have been planned and being developed in different parts of the country. The Special Economic Zone Authority Act has also been revised recently to make the conditions of investment and operation of industries in the special economic zones more promising.

Since Nepal has established a federal system of governance, our aim is to undertake a balanced development approach so that all the provinces get fair opportunities for the development of their industrial base with foreign investment.

Guided by this spirit, we have decided to establish at least one industrial estate in each province. Likewise, with a view to promoting small and medium-size enterprises, we intend to establish one industrial village in each local level.

Dear Friends,

Investors know better than others, about the importance of location.

Nepal's strategic location between the world's two largest markets with increasing purchasing power, China and India, serves as a compelling incentive for investment. Nepal enjoys access to both markets on preferential terms.

With India, we have duty free arrangements for most of our products, both primary and industrial goods while China has granted a significant number of our tariff lines duty free access to its market.

Beyond neighbourhood, export from Nepal is entitled to various kinds of duty free and preferential schemes put in operation by both developed and developing country's trade partners for the group of least developed countries.

Size of our domestic market is also expanding along with the growth of middle class population and people's purchasing power.

The connectivity disadvantage Nepal has had is gradually dissipating because of our efforts for connectivity diversification as well as support from our friendly neighbours.

Road, rail, waterways, airways and transmission ways are covered within the framework of multidimensional connectivity network with both of our neighbours.

Likewise, port facilities have improved. Just two years ago, Nepal started to utilize Vizag port in India for its trade and transit. Availability of a modern alternative port has helped reduce hassles at crowded Kolkata/Haldia port. Digital Tracking and Transshipment Systems both introduced recently has eased the transportation process. A new transit route through the use of inland waterways is under progress. This will not only provide an alternative transit route, but it will also connect landlocked Nepal to the sea through the waterways.

Transit procedures are being simplified through the use of modern technology and this will surely reduce the cost of business.

We have signed Transport Transit Agreement with our northern neighbour, China, and a Protocol to the Agreement will be signed soon. This will enable Nepal also to use Chinese territory and port facilities for its international trade and transit.

Dear Friends,

I have been telling our friends and, I will reiterate here today as well, that Nepal is almost a virgin land as far as investment is concerned. Investment in every sector and every field is profitable.

When it comes to investment, hydropower could be a prime choice. There are other potential areas: agriculture, manufacturing, tourism, infrastructure, information technologies, mines and minerals to name a few.

Our target is to generate 3000MW power in three years, 5000MW in five years and 15000MW in ten years.

While domestic consumption will gradually increase with our rapid industrialization drive, the prospect of regional electricity market is also coming to fruition with a positive initiative recently taken by India.

We are also working on the infrastructure foundation of cross border transmission lines. A robust master plan for such transmission line requirement is already with us. This will guide our future course of action.

The recently concluded MoU on BIMSTEC Grid Interconnection has opened up the possibility for cross-border power trade in BIMSTEC region.

Nepal and Bangladesh have also signed the MoU on Power Trade.

These developments make Nepal's hydropower more and more investment-worthy. Converting water into wealth is, therefore, a not-to-be missed opportunity.

Tourism is another important sector for investment. Nepal has matchless natural beauty and incredible cultural treasures. Natural and cultural diversity make Nepal a tourist paradise round the year. We are celebrating the year 2020 as visit Nepal year. Our intention is to attract more than 2 million tourists. We seek investment for upgrading tourism infrastructure, including hotels and resorts.

Agriculture has huge potentials for development. We have to move from subsistence level agriculture to a commercial one by its modernization which requires huge investment. We want to enhance productivity of agriculture but reduce people's dependence on it. Given Nepal's topography and climatic setting, we can develop organic farming system with products of high export potentials.

Dear Friends,



My government is not only a stable government with two-third majority in the Parliament; it is also a government with a clear vision and objective for the development of this country.

Devising economic policy, the Government is not moving alone. Private sector has been taken on board as an indispensable partner in our journey for economic transformation.

Before I conclude, I would like to share with you that development agenda and foreign investment enjoy national consensus in Nepal. All political forces in the Parliament stand together to invite and encourage foreign investment.

My message to you all is: Nepal is ready for business and investment. We welcome your investment. Feel secure and seize the moment. Your investment will be protected and your profit will be guaranteed.

We do not want any further delay in our journey towards prosperity. Speedy and comprehensive development is the only option and call of the hour for us.

Please join hands in our drive to make Nepal prosperous and the Nepali people happy. We highly value your support and solidarity.

I wish you a pleasant stay in Nepal and the Summit all success!

Thank you!